



Wisconsin

Memorandum

**TO: Members of the Assembly Committee on Jobs, The Economy
and Small Business**

FROM: Bill G. Smith, State Director

DATE: February 24, 2010

RE: Assembly Bill 767

I regret that I am unable to attend, and participate in today's Public Hearing for Assembly Bill 767.

In today's regulatory environment, small business owners find themselves unsure of their compliance status, unaware of new rules under development, uninvolved with the rule-making process, and uncertain who to contact with compliance questions.

Studies by NFIB/Wisconsin show a majority of our members find it is impossible to have knowledge and be in compliance with all state regulations that effect their business.

To address these concerns, the Legislature approved, and the Governor signed into law, the Small Business Regulatory Fairness Act, 2003, which included the creation of the Small Business Regulatory Review Board.

Assembly Bill 767 includes provisions that would modify the membership of the Small Business Regulatory Review Board, and also restores the duties of the office of small business assistance at the Department of Commerce.

We believe this legislation addresses the procedural problems encountered by the Small Business Regulatory Review Board, and it would also restore and expand the important function of providing valuable assistance to our state's small business community by the Department of Commerce.

Assembly Bill 767 would significantly improve the regulatory review process, increase regulatory compliance, promote more cost effective regulatory enforcement, and strengthen Wisconsin's economy by reducing the negative impact of regulations on small business.

On behalf of our state's small business community, I respectfully **urge members of the Committee to take prompt and favorable action on Assembly Bill 767.**

Thank you.



February 24, 2010

**Assembly Committee on Jobs, the Economy and Small Business
Regulatory Flexibility and Enforcement Fairness Act - Assembly Bill 767
Representative Peter Barca**

Chairman Molepske and members of the Assembly Committee on Jobs, the Economy and Small Business; thank you for holding a public hearing on Assembly Bill 767. This bill will make the Small Business Regulatory Review Board more effective and to reinvent and strengthen the function currently known as the Small Business Ombudsman Clearinghouse as the Small Business Advocate by creating a permanent position and giving the position a stronger role, added responsibilities and more clout to lend small businesses a greater voice, fuller consideration and relief on regulatory issues to provide more direct assistance to businesses.

As the Partnership for a Stronger Economy has traveled the state, one of the concerns that small businesses have raised is that the state should strive to better understand the needs of small businesses, improve communication, and when possible work with small businesses to ensure regulations are not overly burdensome and penalties are not unnecessarily punitive.

Under the bill, state agencies are required to make an effort to educate and work with small businesses to help them to comply with regulations. They are encouraged to utilize written warnings, reduced fines, and other options to achieve rule compliance and avoid unnecessarily penalizing small businesses that are in violation of minor regulations that do not endanger the health and safety of people, the workplace or the environment, where the business is acting in good-faith to comply with the regulation.

Upon the request of a business, the Small Business Advocate will review and investigate the circumstances of an enforcement action against a small business and make recommendations regarding alternative enforcement to the enforcing agency. Agencies are required to respond within 45 days. The Small Business Advocate is required to compile data regarding these investigations, analyze the data for trends, and annually report findings and recommendations to the Governor and Legislature.

Following my initial term in the legislature and tenure in Congress, I served as the Midwest Administrator for the US Small Business Administration. When the Federal Small Business Regulatory Enforcement Act was signed into law, I was appointed as the first National Ombudsman to oversee the program and the National Regulatory Fairness Board for the SBA. This legislation is an effort to replicate elements of the federal process.

The bill also ensures that the Small Business Regulatory Review Board, the committee charged with reviewing proposed regulations and making suggestions on how they can be modified to mitigate adverse effects on small businesses, has the opportunity to review any administrative rule that will have an economic impact on the state's small businesses, rather than simply the rules that state agencies believe will have a "signification" economic impact. Further, the bill adds an additional small business representative and removes agency representatives, which currently outnumber small business representatives. This legislation was developed in collaboration with the National Federation of Independent Businesses.

There is no doubt that the key to economic prosperity and the best way to create economic growth following the national financial crisis is to support small businesses. This bipartisan effort is an attempt to really make sure that there is someone in Madison whose only duty is looking out for small businesses. I thank all of you for your time today and I hope that we can count on your support on Assembly Bill 767 comes for a vote before this committee.